

**ASSEMBLY BILL**

**No. 1126**

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**Introduced by Assembly Member Hernandez**

February 27, 2009

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An act to amend Section 22850 of the Government Code, relating to the Public Employees' Health Care Act.

LEGISLATIVE COUNSEL'S DIGEST

AB 1126, as introduced, Hernandez. The Public Employees' Health Care Act: billing disputes.

The Public Employees' Health Care Act (PEMHCA) allows an employee or annuitant to enroll in an approved health benefit plan, as specified. PEMHCA also authorizes the Board of Administration of the Public Employees' Retirement System to enter into contracts with carriers offering health benefit plans or with entities offering services relating to the administration of health benefit plans, as specified.

The Knox-Keene Health Care Service Plan Act of 1975 requires billing disputes over emergency medical care to be resolved solely between the emergency room health care providers, who are entitled to a reasonable payment for their services, and the HMO, which is obligated to make that payment. The emergency room health care providers are prohibited from billing the patient for the disputed amount. Existing regulations define balance billing as an unfair billing pattern.

This bill would prohibit a health care provider giving emergency services and care, as defined, from seeking reimbursement or attempting to obtain payment for any covered services provided to an employee or annuitant other than from the participating health benefit plan covering that employee or annuitant. The bill would specify that that provision would not apply to any copayments, coinsurance, or

deductibles required for the covered services provided to that employee or annuitant other than from the participating health plan covering that employee or annuitant.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 22850 of the Government Code is  
2 amended to read:

3 22850. (a) The board may, without compliance with any  
4 provision of law relating to competitive bidding, enter into  
5 contracts with carriers offering health benefit plans or with entities  
6 offering services relating to the administration of health benefit  
7 plans.

8 (b) The board may contract with carriers for health benefit plans  
9 or approve health benefit plans offered by employee organizations,  
10 provided that the carriers have operated successfully in the hospital  
11 and medical care fields prior to the contracting for or approval  
12 thereof. The plans may include hospital benefits, surgical benefits,  
13 inpatient medical benefits, outpatient benefits, obstetrical benefits,  
14 and benefits offered by a bona fide church, sect, denomination, or  
15 organization whose principles include healing entirely by prayer  
16 or spiritual means.

17 (c) Notwithstanding any other provision of this part, the board  
18 may contract with health benefit plans offering unique or  
19 specialized health services.

20 (d) The board may administer self-funded or minimum premium  
21 health benefit plans.

22 (e) The board may contract for or implement employee cost  
23 containment and cost reduction incentive programs that involve  
24 the employee, the annuitant, and family members as active  
25 participants, along with the carrier and the provider, in a joint effort  
26 toward containing and reducing the cost of providing medical and  
27 hospital health care services to public employees. In developing  
28 these plans, the board, in cooperation with the Department of  
29 Personnel Administration, may request proposals from carriers  
30 and certified public employee representatives.

31 (f) Notwithstanding any other provision of this part, the board  
32 may do any of the following:

1 (1) Contract for, or approve, health benefit plans that charge a  
2 contracting agency and its employees and annuitants rates based  
3 on regional variations in the costs of health care services.

4 (2) Contract for, or approve, health benefit plans exclusively  
5 for the employees and annuitants of contracting agencies. State  
6 employees and annuitants may not enroll in these plans. The board  
7 may offer health benefit plans exclusively for employees and  
8 annuitants of contracting agencies in addition to or in lieu of other  
9 health benefit plans offered under this part. The governing body  
10 of a contracting agency may elect, upon filing a resolution with  
11 the board, to provide those health benefit plans to its employees  
12 and annuitants. The resolution shall be subject to mutual agreement  
13 between the contracting agency and the recognized employee  
14 organization, if any.

15 (g) The board shall approve any employee association health  
16 benefit plan that was approved by the board in the 1987–88 contract  
17 year or prior, provided the plan continues to meet the minimum  
18 standards prescribed by the board. The trustees of an employee  
19 association health benefit plan are responsible for providing health  
20 benefit plan administration and services to its enrollees.  
21 Notwithstanding any other provision of this part, the California  
22 Correctional Peace Officer Association Health Benefits Trust may  
23 offer different health benefit plan designs with varying premiums  
24 in different areas of the state.

25 (h) Irrespective of any other provision of law, the sponsors of  
26 a health benefit plan approved under this section may reinsure the  
27 operation of the plan with an admitted insurer authorized to write  
28 disability insurance, if the premium includes the entire prepayment  
29 fee.

30 (i) *Notwithstanding any other provision of law, a health care*  
31 *provider giving emergency services and care shall not seek*  
32 *reimbursement or attempt to obtain payment for any covered*  
33 *services provided to that employee or annuitant covered in Article*  
34 *4 (commencing with Section 227500) of Part 5 of Division 5 of*  
35 *Title 2, other than from the participating health benefit plan*  
36 *covering that employee or annuitant.*

37 (1) *For purposes of this subdivision, “health care provider”*  
38 *includes, but is not limited to, hospitals and hospital-based*  
39 *physicians such as radiologists, pathologists, anesthesiologists,*  
40 *and on-call specialists.*

1     (2) *For purposes of this subdivision, “emergency services and*  
2 *care” shall have the same meaning as set forth in Section 1317.1*  
3 *of the Health and Safety Code.*

4     (3) *The provisions of this subdivision shall not apply to any*  
5 *copayments, coinsurance, or deductibles required for the covered*  
6 *services provided to that employee or annuitant other than from*  
7 *the participating health plan covering that employee or annuitant.*

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